

**Statement
Insurance Association of Connecticut
Insurance & Real Estate Committee**

March 14, 2016

**SB 436 AN ACT CONCERNING INSURER CORPORATE GOVERNANCE
ANNUAL DISCLOSURES AND THE REGULATION OF RISK RETENTION GROUPS.**

My name is Dallas Dodge, and I serve as Counsel to the Insurance Association of Connecticut ("IAC"). Thank you for the opportunity to comment on SB 436, **An Act Concerning Insurer Corporate Governance Annual Disclosures and the Regulation of Risk Retention Groups.**

In 2014, the NAIC adopted a Corporate Governance Annual Disclosure Model Act and supporting Model Regulation, which provides a means for state insurance regulators to receive additional information on the corporate governance practices of U.S. insurers on an annual basis. Senate Bill 436 appears to be an attempt to codify the NAIC model.

Although we are supportive of the NAIC model legislation, SB 436 departs from the model in several substantive ways. We respectfully ask that the Committee amend the bill to address these issues. Some of the differences are highlighted below, and we would welcome the opportunity to work with the committee on other conforming changes as necessary.

First, the NAIC model act explicitly recognizes the "proprietary" nature of Corporate Governance Annual Disclosures (CGADs) and considers these documents to be "trade secrets." This language, however, is missing from SB 436. The confidentiality of these documents, and official recognition of them as proprietary trade secrets, is of

utmost importance. We respectfully request that SB 436 be amended to include this language.

Second, the NAIC model act provides that it shall be the responsibility of the chief insurance regulatory agency of the state in which an insurer/insurance group is domiciled to provide a copy of a CGAD to another state's chief insurance regulatory agency (if a copy is requested by the sister state's regulatory agency). Senate Bill 436, however, puts the onus of providing copies CGAD on the insurer/insurance group. This is inconsistent with the procedure and confidentiality provisions set forth in the NAIC model act for the sharing of documents between state agencies. We respectfully ask that lines 38-40 be conformed to be consistent with the NAIC model act.

Thank you for the opportunity to testify on SB 436.